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No. 02-1585

IN THE

Supreme Court of the United States

BAYSTATE TECHNOLOGIES, INC.,

Petitioner,

v.

HAROLD L. BOWERS (doing business as HLB Technology),

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF THE INSTITUTE OF ELECTRICAL AND ELECTRONICS ENGINEERS – UNITED STATES OF AMERICA, THE AMERICAN LIBRARY ASSOCIATION, THE AMERICAN ASSOCIATION OF LAW LIBRARIES AND THE ASSOCIATION OF RESEARCH LIBRARIES AS *AMICI CURIAE* IN SUPPORT OF PETITIONER

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INTERESTS OF THE *AMICI CURIAE*[1]

The Institute of Electrical and Electronics Engineers — United States of America (IEEE-USA) promotes the career and technology policy interests of the nearly 230,000 electrical, electronic, and computer engineers who comprise its United States membership. IEEE-USA is a unit of The Institute of Electrical and Electronics Engineers, Inc., a New York corporation that promotes the engineering process of creating, developing, integrating, sharing, and applying knowledge about information technologies and sciences for the benefit of the profession and humanity. IEEE-USA's vision is to advance global prosperity by promoting the engineering community worldwide.

IEEE-USA members serve on the "front line" of the Nation's intellectual property system. They are pioneer inventors, inventors of novel improvements, and designers of innovative refinements of the state of the art. IEEE-USA members are entrepreneurs as well as employees of organizations that acquire, license, and exploit the intellectual property assets resulting from those activities.

IEEE-USA believes that these roles are best served through the careful balance of the protection afforded the producers of intellectual property with the incentives necessary to encourage and permit further advancement and innovation. IEEE-USA therefore has a compelling interest in maintaining this delicate balance, which lies at the heart of Congress's intellectual property system. Where a judicial decision distorts that balance and threatens a systemic disruption of the intellectual property

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1. In accordance with Supreme Court Rule 37.6, *amici curiae* state that this brief was authored in its entirety by the counsel listed on the cover and that counsel to a party did not author this brief in whole or in part. No person or entity other than the *amici curiae* and their counsel made a monetary contribution to the preparation or submission of this brief. The consents of the parties are lodged herewith.

system, IEEE-USA will offer the Court its views to aid the proper resolution of the matter. The Federal Circuit's decision below is such a case, and, accordingly, the IEEE-USA Board of Directors has authorized the filing of this brief.

Also filing this brief are the American Library Association (ALA), the oldest and largest library association in the world and a nonprofit organization of over 64,000 librarians, library trustees, and other friends of libraries dedicated to the development, promotion, and improvement of library and information services to enhance learning and ensure access to information for all; the American Association of Law Libraries (AALL), a nonprofit educational organization with 5,000 members dedicated to providing leadership and advocacy in the field of legal information and information policy; and the Association of Research Libraries (ARL), a nonprofit organization of 124 research libraries in North America. As collectors who preserve and safeguard the Nation's intellectual property, ALA, AALL, and ARL are also committed to providing the Court with candid social assessments and legal argument focused on the policies that permit the federal intellectual property system to flourish. ALA, AALL and ARL share the IEEE-USA's concerns about the gravity of the decision below and the new-found ability of copyright holders to defeat Congress's restrictions on holders' exclusivity rights through the use of compulsory shrink-wrap licenses.

REASONS TO GRANT THE PETITION

This case squarely presents the question whether a publisher of a copyrighted work may effectively abrogate fair use in the form of reverse engineering by means of a "shrink-wrap," "click-wrap," or other form of compulsory agreement merely incidental to publication of the work. For the reasons that follow, the *amici* urge the Court to grant the petition for a writ of certiorari in this case and review the Federal Circuit's decision in *Bowers v. Baystate Technologies, Inc.*, 320 F.3d 1317 (Fed. Cir. 2003).

I. *BOWERS* CREATES SUBSTANTIAL UNCERTAINTY AS TO WHETHER COPYRIGHT HOLDERS CAN UNILATERALLY PROHIBIT THE LONG-STANDING, WIDELY ACCEPTED, AND ESSENTIAL PRACTICE OF REVERSE ENGINEERING.

The first reason that the Court should review *Bowers* is that the decision has created substantial uncertainty regarding the public's ability to engage in fair use of copyrighted works and, in particular, the long-standing, accepted, and essential practice of reverse engineering. Indeed, *Bowers* threatens to eliminate that practice altogether for published works, because of the modern and increasingly popular contrivance of a shrink-wrap or similar agreement. This decision directly conflicts with the only other federal circuit court decision to address a similar state-law based limitation, and the resulting confusion can be resolved only by this Court.

A. REVERSE ENGINEERING HAS LONG BEEN VIEWED AS PERMISSIBLE FAIR USE, DESPITE INCREASINGLY COMMON "SHRINK-WRAP" AND OTHER AGREEMENTS PURPORTING TO PROHIBIT THE PRACTICE.

Pursuant to its constitutional mandate to "promote the Progress of Science," U.S. Const. Art. I, § 8, cl. 8, Congress has expressly reserved to the public the right to "fair use" of materials subject to copyrights. Fair use permits an individual in rightful possession of a copy of a work to use that work, including copying it, for purposes such as criticism, comment, news reporting, teaching, scholarship, or research. 17 U.S.C. § 107.

Prior to Congress's codification of the fair use doctrine, it had been well-established that the public's ability to engage in fair use inheres in the concept of copyright. *E.g.*, *Campbell v. Acuff-Rose*, 510 U.S. 569, 576 (1994) (quoting *Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass. 1841)

(Story, J.) ("look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.")). As such decisions recognized, the fair use doctrine permits and requires courts to avoid rigid application of the copyright statute when to do so would stifle the very creativity the law is designed to foster. *Ibid.* (quoting *Stewart v. Abend*, 495 U.S. 207, 236 (1990)). *See also Eldred v. Ashcroft*, 123 S. Ct. 769, 787 (2003) (explaining that fair use accommodates First Amendment interests as well).

While a copyright protects a work's expression, a copyright does not encompass a work's ideas, procedures, processes, or methods of operation. 17 U.S.C. § 102(b). Thus, permitting the public to engage in fair use advances the constitutional objective of Progress by "encouraging others to build freely upon the ideas and information conveyed by the work," all of which are unprotected by copyright. *Feist Publications, Inc. v. Rural Telephone Serv. Co., Inc.*, 499 U.S. 340, 350 (1991).

The decision now presented to the Court, *Bowers*, concerns a universally practiced form of fair use that directly promotes building upon the ideas conveyed by prior works: reverse engineering. This Court has defined reverse engineering as "starting with a known product and working backward to divine the process which aided in its development or manufacture." *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 476 (1974). The Court has also recognized that, in the context of patents, reverse engineering "often leads to significant advances in technology" and may spur inventors "to develop inventions that meet the rigorous requirements of patentability" so as to permit those inventions to be placed within the protected sphere of patent law. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 160 (1989).

The *amici* cannot overstate the prevalence of reverse engineering today, particularly in the context of copyrighted computer software such as the software at issue in *Bowers*. Reverse engineering of computer software can take many forms, from various forms of intense study of the software's codes, to experimental alteration of portions of those codes, to mere observation of how execution of the software appears or interacts with the computer on which the software operates.

The reasons persons pursue reverse engineering vary widely as well. Some do so to investigate flaws or security weaknesses in the software. Others may do so for recreational, educational, or training purposes. Most significant to the petition before the Court, many persons engage in reverse engineering to gain ideas about how to create competitive or complementary products. Indeed, reverse engineering of software with an aim towards producing a non-infringing competitive or complementary product has reached the level where it can be fairly said that a substantial amount of the research and development performed in the production of new software involves reverse engineering of some form, and that reverse engineering has become *fundamental* to the development of programs and software-related technology.

Ultimately, it is the public that benefits most from reverse engineering. The positive exploitation of ideas expressed in copyrighted works, not patented or otherwise subject to confidentiality restrictions, promotes Progress of both Science (in the form of new, copyrightable works) and the useful Arts (in the form of new, patentable art) at a rapid, economically beneficial pace.

A serious threat to this mode of Progress has emerged in the form of so-called "shrink-wrap," "click-wrap," or similar agreements. A shrink-wrap agreement is typically found on or within the box containing a commercial software item and provides that the user, by opening the box or using the software, agrees that he or she has no more than a license to use the

software subject to a series of express terms and conditions. The user who wishes to utilize the software has no option but to accept the terms imposed by the publisher. In some instances, a user unwilling to accept those terms may return the software for a refund of the purchase price. Click-wrap agreements are functionally identical except that, rather than utilizing a printed medium to present the terms of the agreement or license, they are displayed by the software itself upon execution and the user is required to "click" with a computer mouse tool to indicate acceptance, or else the software will not operate.

An extremely common shrink-wrap term is that the user will not reverse engineer the software. Indeed, use of shrink-wrap or equivalent agreements to prohibit reverse engineering has become standard practice in the software industry. Where the user has no option to obtain an unrestricted copy of the software, perhaps for a higher price, the restriction may be said to be compulsory, and the limitations presented in the agreement, such as a prohibition on reverse engineering, are in essence no more than incidents of the publication or distribution of the work itself.

Despite the standard use of such compulsory provisions, reverse engineering has continued, unhindered, based on the widely held belief that reverse engineering constitutes fair use expressly permitted by the Copyright Act and that compulsory shrink-wrap restrictions on reverse engineering are consequently preempted under federal law. Courts and commentators have consistently recognized reverse engineering to constitute fair use of copyrighted material. *E.g.*, *Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F.3d 596 (9th Cir. 2000); *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532 (11th Cir. 1996); *Atari Games Corp. v. Nintendo*, 975 F.2d 832, 842 (Fed. Cir. 1992); Pamela Samuelson & Suzanne Scotchmer, *The Law and Economics of Reverse Engineering*, 111 Yale L.J. 1575 (2002).

Indeed, while this Court has not yet spoken directly on this point, reverse engineering may be likened to the "reading" to which the Court referred earlier this Term in confirming that "[a] reader of an author's writing may make full use of any fact or idea she acquires from her reading." *Eldred v. Ashcroft*, 123 S. Ct. 769, 787 (2003). Further, elaborating on the distinction between utilizing unprotected ideas and utilizing protected forms of work, the Court in *Eldred* went on to explain that "every idea, theory, and fact in a copyrighted work becomes instantly available for public exploitation at the moment of publication." *Id.* at 789 (citing *Feist*, 499 U.S. at 349-50). As a practical matter, reverse engineering is no more than a sophisticated form of "reading" a work.

Bowers has shocked the computer software industry, and all who endeavor to improve upon or examine copyrighted software, by holding that compulsory shrink-wrap restrictions on reverse engineering are enforceable as a matter of state-based contract law, regardless of whether that activity constitutes fair use as a matter of federal law. If *Bowers* correctly states the law, then a widespread, long-standing, and fundamental practice of invention, approved by Congress and the courts, has been effectively outlawed through the widespread modern innovation of including compulsory shrink-wrap licenses in the publication and distribution of works.

B. *BOWERS* DIRECTLY CONFLICTS WITH THE ONLY OTHER CIRCUIT COURT DECISION TO ADDRESS A STATE-LAW BASED COMPULSORY PROHIBITION ON REVERSE ENGINEERING.

Prior to *Bowers*, only one circuit court decision had addressed the situation where a software publisher attempted to use state law to enforce a compulsory license prohibition on reverse engineering. In *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255 (5th Cir. 1988), a software publisher distributed

its product accompanied by a license agreement that expressly provided that the user could not "sublicense, rent, lease, convey, copy, modify, translate, convert to another programming language, decompile or disassemble" the software. Acceptance of this license was compulsory for anyone who wished to obtain the program — the publisher offered the program to the general public but by all appearances did not offer an opportunity to purchase the software without the reverse engineering restriction. *Cf. ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996) (publisher offered product with a significant use restriction at one price and without that restriction at a greater price). A user that had received the program reverse engineered its source code, ultimately producing a rival program aimed at defeating the original program's features, and the original program's publisher brought suit for, among other things, breach of the license agreement.

The compulsory license in *Vault* provided that Louisiana law would govern in the absence of controlling federal law, and a Louisiana statute expressly permitted software license agreements, under certain conditions, to prohibit reverse engineering of the subject software. The Fifth Circuit held this portion of the statute to be unenforceable due to preemption by the Copyright Act. The court specifically relied upon § 117, which permits users to make adaptations to computer programs under certain circumstances, as well as how the Louisiana provision "touched upon the area" of federal copyright law. *Id.* at 269-70 (quoting *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) ("[w]hen state law touches upon the area of [patent or copyright statutes], it is 'familiar doctrine' that the federal policy 'may not be set at naught, or its benefits denied' by the state law" (quotations omitted))).

For 15 years, *Vault* has stood as the defining statement of federal law on the inability of state law to prohibit the reverse engineering of computer software. Computer programmers have believed that, in light of *Vault*, restrictions on reverse engineering

commonly found in compulsory shrink-wrap and similar licenses are simply unenforceable under federal law. In his dissent in *Bowers*, Judge Dyk concluded that *Vault* directly supported preemption of the shrink-wrap limitation on reverse engineering.

That *Vault* involved a state statute has been seen as irrelevant. Louisiana law is a civil code jurisdiction, and at most its statute permitting contracts to preclude reverse engineering of computer software under certain conditions was a more limited state law than the general common law notion, followed by the remaining States, that contracts are generally enforceable. Whether a license's prohibition on reverse engineering is enforced pursuant to a statute permitting such prohibitions or a general statutory or common law power to enforce agreements is simply of no moment. In either case, the hand of state law moves to strike a blow by punishing the practice of reverse engineering, and the superior force of conflicting federal law should reach in to stay the state's hand.

C. THE RESULTING UNCERTAINTY THREATENS TO ELIMINATE THIS FUNDAMENTAL, ECONOMICALLY IMPORTANT MEANS OF ADVANCING THE PROGRESS OF SCIENCE AND THE USEFUL ARTS.

The *amici* emphasize that the question of whether actual conflict exists between *Vault* and *Bowers* should not distract the Court from appreciating that, for the last 15 years, the computer industry has understood *Vault* to settle the matter of state-law based proscriptions on reverse engineering. This belief has helped give rise to a world of technological innovation in which reverse engineering is routinely used to examine copyrighted material and develop non-infringing works. The result of this widespread practice has been a rapid pace of Progress, for the benefit not only of those participating in this industry but of consumers and, ultimately, the national and global economies.

While the *amici* have no firm figures based on reverse engineering itself, an April 1998 report published by the U.S. Department of Commerce stated that the information technologies sector constituted an estimated 8.2 percent of the Nation's gross domestic product and more than 25 percent of the real economic growth in the American economy. The Emerging Digital Economy, at 4, 6 (Dep't Comm. Apr. 1998). There can be no doubt that reverse engineering has played a considerable role in this growth, allowing ideas derived from copyrighted works to be quickly generated and utilized to create new works worthy of copyright protection and, with respect to ideas not subject to existing patents, even to create new inventions worthy of patent protection.

Indeed, the Court's observations in *Feist* and *Bonito Boats* regarding the positive benefits derived where the public is permitted to build upon the works of others have proven entirely correct in this area. Advanced, competitive computer software industries have fueled the explosive and enlightening development of the Internet as well as many technology-based modern products.

Yet *Bowers* casts the pall of extraordinary potential liability over the widespread practice of reverse engineering. The liability risks that flow from continuing this practice are so substantial that they can be expected to persuade many to halt reverse engineering altogether, without waiting for further developments in the law.

For firms attempting to develop products and break into the marketplace, *Bowers* lands a crippling blow. The inability to reverse engineer existing products can make further product development and innovation economically impractical, most particularly for small firms.

Furthermore, depending on how "reverse engineering" is defined by the creative mind of the copyright holder who seals its work with a compulsory shrink-wrap agreement, *avoiding* a state law claim for breach of contract based on reverse engineering may prove a monumental hurdle once the earlier product has been used. *Bowers* itself is a troubling example of this concern, for the Federal Circuit's decision suggests that the Petitioner may simply have observed the operation of Respondent's software, rather than dissected or manipulated the Respondent's programming codes.

As the simplistic reverse engineering claim in *Bowers* itself suggests, for firms already entrenched in the marketplace, *Bowers* is a boon of epic proportions. Unlike the limited duration and scope of the protection afforded those who hold copyrights (and, for that matter, patents), software publishers are now able to use state law-based shrink-wrap licenses to claim *perpetual, unlimited* protection for ideas discernible by reverse engineering, and the broadest reading of such restrictions may permit publishers to avoid competition from anyone who has so much as observed their products in careful detail. Avoiding potential liability could require software developers to forego even the use of related software — a suggestion unrealistic with regard to competitive products and impossible with regard to interoperable, complementary products.

In sum, by breathing life into highly prevalent but formerly ignored shrink-wrap agreements, *Bowers* has created substantial uncertainty regarding the public's ability to reverse engineer copyrighted works. Aspiring developers of new products face the Hobson's choice of foregoing the long-recognized and lauded benefits of reverse engineering or risking protracted legal battles and extraordinary potential liability for developing products supposedly tainted by this contractually outlawed practice. Only this Court can clarify the law and eliminate this confusion, and, accordingly, the Court should grant the petition for writ of certiorari in this case.

II. *BOWERS* DESTROYS THE ESSENTIAL BALANCE OF FEDERAL INTELLECTUAL PROPERTY POLICY BY PERMITTING STATES TO GRANT PATENT-LIKE, TRADE SECRET-LIKE, AND COPYRIGHT-LIKE PROTECTION TO SUBJECT MATTER, FOUND IN A COPYRIGHTED WORK, THAT IS NOT PATENTED, NOT SECRET, AND NOT WITHIN THE SCOPE OF COPYRIGHT PROTECTION.

A second reason that this Court should grant the requested writ of certiorari is that *Bowers* raises important, unsettled questions of federal law with regard to the use of compulsory shrink-wrap agreements to provide intellectual property rights. Through the device of such agreements, *Bowers* permits States to grant patent-like, trade secret-like, and copyright-like protection to subject matter found in a copyrighted work but that is not patented, not secret, and not within the scope of copyright protection. In doing so, *Bowers* destroys the balance that lies at the heart of federal intellectual property policy. To restore that balance, the Court should grant the requested writ of certiorari.

Just last term, the Court noted that, in patent law, a "delicate balance" exists between the protections afforded inventors, who bring their inventions in full detail to the public in reliance on a promise of a temporary monopoly, and the incentives given to encourage the public "to pursue innovations, creations, and new ideas beyond the inventor's exclusive rights." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 535 U.S. 722, 730-31 (2002). The Court has also referred to the policies in this area as maintaining a "careful balance" between the need to promote innovation and "the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150 (1989).

Copyright is similar in certain respects. The Copyright Act reflects Congress's efforts to strike a balance between the exclusive rights given temporarily to copyright holders and the limitations on those rights that permit the public to enjoy copyrighted works and build freely upon the ideas they convey. *See Eldred*, 123 S. Ct. at 784-87; *Feist*, 499 U.S. at 349-50.

The Court has made clear that state law cannot interfere with Congress's choices in setting this balance. In *Bonito Boats*, for example, the Court invalidated a Florida statute that prohibited the unauthorized use of a direct molding process to replicate boat hulls. Speaking for a unanimous Court, Justice O'Connor explained that "the States may not offer patent-like protection to intellectual property creations which would otherwise remain unprotected as a matter of federal law." *Id.* at 156. The Court held that the state statute conflicted with federal patent law and was thus invalid under the Supremacy Clause. *Ibid.*

In the context of computer software, *Bowers* jettisons the balanced intellectual property policies carefully crafted by Congress. In their place, the Federal Circuit has inserted deference to state contract law, implementing a prohibition on reverse engineering found in an agreement between a publisher and a software user that was created, at best, by compulsion when the Petitioner decided to use the Respondent's software under the only terms available.

Bowers did not challenge that the Respondent's copyright did not encompass the work's ideas, processes, or methods of operation, or that whatever reverse engineering the Petitioner performed constituted fair, and thus federally permissible, use. Nor did *Bowers* disagree that the ideas the Petitioner supposedly learned through reverse engineering were not patented or subject to trade secret status. *Bowers* simply held that, regardless, the Respondent's shrink-wrap license prohibited the Petitioner from reverse engineering the Respondent's software, and Petitioner's

breach of that license entitled Respondent to millions of dollars in damages.

In a circumstance where agreements are made, if at all, by compulsion and en masse, the Federal Circuit's decision makes state contract law more effective than federal intellectual property law at ensuring software makers' exclusive rights to direct the circumstances under which their works may be used, displayed, examined, referenced, criticized, copied, or transferred. A publisher's level of protection is unbounded, limited only by the creativity utilized to craft the license's terms, and unlike the protections afforded by copyright and patent law, the publisher's rights are perpetual, not temporary. Most importantly, the fundamental counterbalances that exist in copyright and patent law to encourage further innovation and development by the public at large are completely absent.

Accordingly, *Bowers* presents this Court with substantial issues regarding the ability of state law to grant significant intellectual property protections through the use of shrink-wrap licenses. IEEE-USA urges the Court to grant the requested writ of certiorari to resolve those issues.

III. *BOWERS* WILL DROWN COPYRIGHT IN A SEA OF CONTRACT.

The third reason that the Court should grant the writ of certiorari requested in this case is that, if allowed to stand, *Bowers* and its rationale will, to paraphrase a concern the Court once voiced over the uncabined reach of tort principles, drown copyright law in a sea of contract. *See East River Steamship Corp. v. Transamerica Delaval, Inc.*, 476 U.S. 858, 866 (1986) ("It is clear, however, that if this development were allowed to progress too far, contract law would drown in a sea of tort."). *Bowers* serves as a road map for copyright holders to avoid not only the fair use of reverse engineering but all of the limitations placed on the exclusive rights granted by the Copyright Act —

limitations adopted by Congress to balance the holder's exclusivity rights with the public's ability to make use of the work by, among other things, creating further advancements. In place of that balanced, uniform federal law will be the varied, as yet undeveloped, and substantially less stable laws of each of the 50 separate States.

A. THE DECISION SUGGESTS NO BASIS TO LIMIT ITS REACH TO REVERSE ENGINEERING, FAIR USE, OR EVEN COMPUTER SOFTWARE.

The Federal Circuit's decision in *Bowers* holds that when a user accepts a shrink-wrap license, the user's promise to the copyright holder to abide by the license is sufficiently dissimilar to the general protections offered by the Copyright Act to preclude preemption under that act. In that court's view, the supposed "extra element" of a promise immunizes the license from federal preemption, notwithstanding the fact that the promise at issue is, in effect, one that waives a right granted the user, and the public at large, through the Copyright Act itself.[2]

The right at issue in *Bowers* is the fair use right to reverse engineer a copyrighted work. Yet nothing in *Bowers* suggests any basis to limit the validity of shrink-wrap license restrictions to reverse engineering. Other fair use rights include uses for

2. In its brief opposing the petition for a writ of certiorari, Respondent asserts that because 17 U.S.C. § 301 only preempts state laws that are equivalent to the exclusive rights within the scope of § 106, and § 107 excludes fair use from those exclusive rights, then § 301 cannot preempt a state law touching upon fair use. Brief in Opposition, at 12-14. While this argument can be fully addressed in briefs on the merits, the *amici* point out at this time that Respondent grossly misreads the preemptive scope of § 301, which applies not to rights under § 106 as subsequently limited by sections §§ 107-20 but to "any of the exclusive rights *within the general scope of copyright* as specified by section 106. . . ." 17 U.S.C. § 301(a) (emphasis added). Both statutory and general conflict preemption are at issue here.

purposes of criticism, comment, news reporting or teaching, 17 U.S.C. § 107, and under *Bowers*, a compulsory shrink-wrap license could require a user to agree not to undertake any or all of those federally permitted acts as well. The likes of criticism and comment could be squelched by agreement.

Furthermore, nothing in *Bowers* suggests that shrink-wrap license agreements are limited to fair use rights. Section 106 of the Copyright Act provides the general scope of copyright, and sections 107 through 120 provide limitations on that general scope. 17 U.S.C. §§ 106-20. Compulsory shrink-wrap limitations could require, as a mandatory condition of owning or using the copyrighted work, that users relinquish any of these rights by agreeing not to undertake those acts. For instance, section 109 permits owners of copyrighted works to sell or otherwise dispose of them, with certain exceptions specifically pertaining to computer programs. 17 U.S.C. § 109(a)-(b). Through a compulsory shrink-wrap license, a publisher of computer software could, under *Bowers*, obviate this right entirely. Similarly, section 117 permits owners of copyrighted computer programs to make copies or adaptations of those programs under specific circumstances. A compulsory shrink-wrap license could, under *Bowers*, effectively waive these rights as well.

Still more striking, nothing in *Bowers* offers any basis to suggest that shrink-wrap agreements are uniquely applicable to computer software. Books, music products, art, photographs, motion pictures — all could come "wrapped" in a license that effectively negates the limitations Congress has carefully enacted to temper the exclusive rights given copyright holders.

Of great interest to *amici* ALA, AALL, and ARL, a compulsory shrink-wrap license could prohibit a library from making a preservation copy permitted under section 108 or even lending a book as permitted by section 109. *See* 17 U.S.C. §§ 108-09(a). Ultimately, *Bowers* permits those who publish

computer software, or any other copyrightable work, to craft a license with whatever terms the publisher sees fit to use, without regard to the federal limitations on copyright holders' exclusivity rights.

Overreaching licenses are not a purely theoretical matter. In one heavily criticized example, a license used in the distribution of a popular computer program used to create content for Internet sites included, among other things, restrictions on reverse engineering and use of the software in connection with sites that disparage the publisher or its products. *See, e.g.*, Reid Goldsborough, *Can You Criticize Your Computer Software?*, Consumers' Research Mag., Vol. 85, Issue 4, 2002 WL 14817465 (Apr. 1, 2002) (criticizing the license accompanying Microsoft FrontPage 2002 as "draconian").

Another example can be seen in the recent case *People v. Network Assocs., Inc.*, 2003 WL 1522936 (N.Y. Sup. Ct. Jan. 6, 2003). There, a New York court invalidated, on deceptive and unfair trade practices grounds, a compulsory shrink-wrap license that prohibited users of a certain globally popular anti-virus computer program from publishing, without the software maker's permission, product reviews on the software or the results of performance tests.

In the final analysis, *Bowers* gives those who publish copyrightable works a literal roadmap to circumventing the limitations set by Congress on copyright holders' exclusive rights. To prevent copyright law from being drowned in a sea of state contract law, this Court should grant the requested writ of certiorari and review *Bowers*.

B. - DEVOLVING COPYRIGHT LAW INTO STATE LAW GOVERNING "SHRINK-WRAP" AND SIMILAR AGREEMENTS WILL TRANSFORM NATIONALLY UNIFORM FEDERAL LAW INTO 50 SEPARATE AND PERPETUALLY UNSTABLE BODIES OF LAW.

In *Bonito Boats*, the Court explained that "[o]ne of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property." 489 U.S. at 162. By permitting copyright holders to bypass federal limitations on their exclusive rights by use of shrink-wrap agreements, *Bowers* abandons the national uniformity sought by the Founders and implemented by Congress in favor of the undeveloped, dissimilar, and markedly less stable bodies of contract law followed by the 50 separate States. The Court should grant the requested writ of certiorari to resolve the propriety of this devolution in copyright law.

Currently, the law in the separate States regarding shrink-wrap agreements is unsettled and diverse. The National Conference of Commissioners on Uniform State Laws has proposed a uniform act — the Uniform Computer and Information Transactions Act (UCITA) — in an effort to provide development and uniformity simultaneously, but to date that act has been adopted in only two states, Maryland and Virginia. In the absence of such comprehensive legislation, which is itself subject to harsh criticism as being inconsistent with federal intellectual property law policies established by Congress, the law in any given state will be dependent on a plethora of doctrines — statutory or common law — regarding such divergent items as choice of law, contract formation, unconscionability, the propriety of various forms of adhesion agreements, and the scope of deceptive and unfair trade practice prohibitions, all in the specific context of compulsory shrink-wrap agreements. Further, to the extent these matters are raised

in federal court proceedings, *Bowers* may force federal courts to divine these as yet unclear state laws to resolve what would otherwise be decided as a matter of uniform, federal law.

In addition, if copyright is to devolve into a matter of state contract law, the result will not only be a lack of uniformity but, in all likelihood, a lack of stability. Congress and the courts have been deliberately slow to modify the intellectual property laws over time. State law, however, can hardly be expected to maintain a comparable pace. Courts and legislative bodies, alert to the interests of their local constituencies, will fashion the law more rapidly and with less concern for national interests than would Congress.

As *Bonito Boats* indicates, neither the Founders nor Congress intended the fundamental aspects of copyright law to be placed in the hands of the States by any device. The modern development of shrink-wrap licenses should not defeat this intent. *Cf. Sony Corp. v. Universal City Studios*, 464 U.S. 417, 430-31 (1984) ("From its beginning, the law of copyright has developed in response to significant changes in technology. . . . Repeatedly, as new developments have occurred in this country, it has been the Congress that has fashioned the new rules that new technology made necessary."). Accordingly, and for the additional reason of reviewing this important change in the Nation's intellectual property laws, this Court should grant a writ of certiorari to review the Federal Circuit's decision in *Bowers*.

CONCLUSION

For each of the foregoing reasons, the Court should grant the writ of certiorari requested in this case by the Petitioner.

Respectfully submitted,

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